

To the Members of the California State Senate:

I am returning Senate Bill 610 without my signature.

This bill financially penalizes non-profit hospitals which are increasing reserves to invest in important and necessary charitable activities – including purchasing state-of-the-art technology to improve the quality of patient care, complying with costly seismic safety mandates, and expanding facilities to increase access to care for low-income uninsured Californians.

This bill provides that non-profit hospitals whose operating revenues exceed operating expenses by more than ten percent would be rebuttably presumed to be operated for profit for tax purposes, regardless of whether the reinvestment of excess dollars is for legitimate charitable activities. Existing law provides adequate safeguards against the inappropriate use of any excess operating revenues.

Hospitals should be encouraged to increase investment in our communities rather than penalized for it. For this reason, I cannot support this measure.

Sincerely,

Arnold Schwarzenegger